GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2222
ANSWERED ON:01.12.2000
NATIONALISED BANKS
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

(a) whether certain parameters have been drawn up by the Government to categorise natilonalised/public sector banks as `strong` and `weak` banks;

(b) if so, the name and number of public Sector Banks which have been placed in the `Strong` and `weak` categories, separately; and

(c) the steps taken by the Government to revive weak banks ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)&(b):The Working Group on restructuring of Weak Public Sector Banks,set up by the Reserve Bank of India (RBI) in consultation with the Government of India, prescribed seven parameters for assessing a bank`s strength/weakness. Based on the seven parameter criteria, the Working Group categorized public sector banks in three categories :

```
Category -1: Banks where none of the seven parameters are met;
Category -2: Banks  where all  the parameters are  met; and
Cateogry -3: Banks where some of the seven  parameters are  not met.
```

The three public sector banks, namely, Indian Bank, UCO Bank and United Bank of India were kept in Category-1, two banks, namely, Oriental Bank of Commerce and State Bank of Patiala were kept in Category-2and the remaining 22 public sector banks were kept in Category-3 as on 31.3.1999.

(c):- In accordance with Government`s directions, the three identified weak public sector banks have submitted Restructuring Plans for 2000-01 to 2002-03 which include Organisational Restructuring, Operational Restructuring, Technology Upgradation, Human Resources Management including Voluntary Retirement Scheme and Financial Restructuring.